

Message Text

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ACTION EB-08

INFO OCT-01 EA-12 ISO-00 FEA-01 AGRE-00 CEA-01 CIAE-00

COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-02 AID-05 SS-15 STR-05

ITC-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01 IO-14

/111 W

-----015785 310343Z /62

R 310159Z OCT 77

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 7275

UNCLAS SECTION 1 OF 2 MANILA 17262

E.O. 11652: N/A

TAGS: ETRD, RP, US

SUBJ: PHILIPPINE REQUEST FOR ADDITION OF ITEMS TO GSP

REF: STATE 242210 AND MANILA 7261/2/3

GOP HAS PROVIDED ADDITIONAL INFORMATION SUPPORTING BANGLADESH
PETITION ON TSUS NOS. 386.08 AND 387.30 ON ARTICLES OF
CORDAGE. GOP INFORMATION WAS SENT IN URGENT UNNUMBERED DIP-
LOMATIC NOTE DATED OCTOBER 30, 1977 (SUNDAY). TEXT OF
JUSTIFICATION IS QUOTED IN FULL BELOW.

JUSTIFICATION OF PHILIPPINE PROPOSAL
TO TSUS NOS. 386.08 AND 387.30 -
ARTICLES OF CORDAGE IN THE 1978 US GSP

AMONG THE PRODUCTS PROPOSED FOR INCLUSION IN THE 1978 UNITED
STATES GSP BY THE PHILIPPINES ARE ARTICLES OF CORDAGE SPECI-
FICALLY THE FOLLOWING:

ARTICLES NOT SPECIFICALLY PROVIDED FOR, OF TEXTILE MATERIALS:
LACE OR NET ARTICLES, WHETHER OR NOT ORNAMENTED, AND OTHER
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ARTICLES, ORNAMENTED

386.08 OTHER THAN OF COTTON

OTHER ARTICLES, NOT ORNAMENTED

OF VEGETABLE FIBERS, EXCEPTION COTTON

387.30 OTHER THAN KNIT, AND OF PILE OR TUFTED CONSTRUCTION

INDUSTRY SITUATION

DATA ON PRODUCTION AND CAPACITY OF ARTICLES OF CORDAGE IN PARTICULAR ARE DIFFICULT TO OBTAIN SINCE THEY ARE AVAILABLE IN RAW FORM AND WOULD TAKE SOME TIME TO COLLATE. BASED ON EXPORT AND DOMESTIC SALES FIGURES FOR 1975, HOWEVER, AS COMPILED BY THE NATIONAL COTTAGE INDUSTRIES DEVELOPMENT AUTHORITY (NACIDA), IT COULD BE SURMISED THAT THE COUNTRY PRODUCED SOME \$ 110 MILLION WORTH OF FIBERCRAFTS OF WHICH ABOUT 65 PERCENT WERE EXPORTED. EMPLOYMENT DATA FOR ARTICLES OF CORDAGE IN PARTICULAR IS NOT AVAILABLE SINCE NO AGENCY REGULARLY COMPILES SUCH SPECIFIC DATA.

EXPORT PERFORMANCE

PHILIPPINE EXPORTS OF ARTICLES OF CORDAGE HAS GROWN FROM 6,254 NET KILOS VALUED AT US \$ 5,833 IN 1972 TO 1,895,965 NET KILOS VALUED AT US \$ 4,698,101 IN 1975. IN THE SAME YEAR, ABOUT 90 PERCENT OF THESE WERE EXPORTED TO THE UNITED STATES. IN 1976, HOWEVER, EXPORTS OF THESE ITEMS DROPPED TO A CONSIDERABLE EXTENT. WITH THE FIRST SEMESTER FIGURES OF 1977, A FURTHER DECLINE IS EXPECTED. (SEE TABLE 1)

THE US MARKET

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IMPORTS OF THE UNITED STATES ON THESE ITEMS AMOUNTED TO US \$ 8,160,191 FOR TSUS 386.08 AND US \$ 13,566,406 FOR TSUS 387.30 IN 1976. THE PHILIPPINES IS THE LEADING SUPPLIER FOR TSUS 387.30 WITH A 17.10 PER CENT SHARE OF THE MARKET FOLLOWED BY TURKEY, HONG KONG AND JAPAN. AS FOR TSUS 386.08, THE LEADING SUPPLIERS ARE FRANCE, JAPAN, HAITI, AND TAIWAN WITH THE PHILIPPINES ONLY AS A MINOR SUPPLIER HAVING GAINED 3.2 PER CENT OF THE MARKET.

BASES FOR INCLUSION IN THE GSP

THE PHILIPPINES MOVES FOR THE INCLUSION OF THESE ITEMS IN THE GSP IN VIEW OF THE FOLLOWING:

1. THE PRESENT RATES OF DUTY (20 PER CENT FOR TSUS 386.08 AND 6 PER CENT FOR TSUS 387.30) ARE NOT ENCOURAGING TO EXPORTERS OF DEVELOPING COUNTRIES TO THE UNITED STATES.
2. GSP WILL GIVE PHILIPPINE ARTICLES COMPETITIVE PRICE ADVANTAGE OVER PRODUCTS FROM DEVELOPED COUNTRIES, THUS

BRINGING ABOUT AN INCREASE IN DEMAND FOR THEM. IN THIS WAY, GSP MAY HELP BRING BACK OR POSSIBLY EVEN SURPASS THE 1975 LEVEL OF EXPORTS ON THESE ITEMS.

3. AN INCREASE IN DEMAND FOR PHILIPPINE ARTICLES WILL NOT ONLY ACCUMULATE ADDITIONAL FOREIGN EXCHANGE EARNINGS FOR THE COUNTRY BUT ALSO GENERATE EMPLOYMENT OPPORTUNITIES AND ENCOURAGE THE UTILIZATION OF READILY AVAILABLE RAW MATERIALS MOSTLY AGRICULTURAL.

4. GSP WILL HEOP PROMOTE ECONOMIC DEVELOPMENT IN THE COUNTRY.

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LAB-04 NSAE-00 NSC-05 PA-02 AID-05 SS-15 STR-05
ITC-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01 IO-14
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R 310159Z OCT 77
FM AMEMBASSY MANILA
TO SECSTATE WASHDC 7273

UNCLAS SECTION 2 OF 2 MANILA 17262

TABLE I. PHILIPPINE EXPORTS OF ARTICLES OF
CORDAGE, 1975-1977, 1ST SEMESTER
(IN FOB THOUSAND US DOLLARS)
(IN THOUSAND NET KILOS)

Y E A R	ALL COUNTRIES		TO US		

	QUANTITY	FOB VALUE	QUANTITY	FOB VALUE	PERCENTAGE
	-----	-----	-----	-----	-----
				SHARE	

-					
1975	1,896	4,698	1,696	4,167	88.70
1976	833	1,956	632	1,354	69.22
1977 (1ST SEMESTER)	139	380	107	242	63.68

SOURCE OF BASIC DATA:

FOREIGN TRADE STATISTICS OF THE PHILIPPINES
NATIONAL CENSUS AND STATISTICS OFFICE

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TABLE 2. U.S. IMPORTS OF ARTICLES OF CORDAGE, 1976
(IN FAS U.S. DOLLARS)

COUNTRY	VALUE OF	PERCENTAGE
-----	IMPORTS	SHARE
	-----	-----

I. TSUS 386.03-1/

ALL COUNTRIES	\$ 8,160,191	
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FRANCE	1,973,070	24.14
JAPAN	1,146,381	14.09
HAITI	857,069	10.54
TAIWAN	789,576	9.68
PHILIPPINES	260,901	3.19

II. TSUS 387.30-2/

ALL COUNTRIES	13,566,406	
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PHILIPPINES	2,320,281	17.10
TURKEY	1,631,530	12.01
HONG KONG	1,342,383	9.87
JAPAN	1,014,456	7.44

-1/ US IMPORTS STATISTICS CODE 6569310
ARTICLES, LACE OR NET, NES, AND OTHER
ARTICLES ORNAMENTED, NES

-2/ US IMPORT STATISTICS CODE 6569190
FURNISHINGS OF TEXTILE MATERIALS, NOT
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ORNAMENTED, NES

SOURCE OF BASIC DATA:

US IMPORT STATISTICS
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Message Attributes

Automatic Decaptioning: X
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Executive Order: N/A
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Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 817587
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Status: NATIVE
Subject: PHILIPPINE REQUEST FOR ADDITION OF ITEMS TO GSP
TAGS: ETRD, RP, US
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/8695db28-c288-dd11-92da-001cc4696bcc
Review Markings:
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